

International Journal of Pension Management



a new way to think | pension management

Challenging the Status Quo: New Answers to Old Questions

Table of Contents	1	Total Shareholder Return (TSR) and Management Performance: A Performance Metric Appropriately Used, or Mostly Abused?	26
Challenging the Status Quo Keith Ambachtsheer	3	Roland Burgman and Mark Van Clieaf	
Selling Hope Jason Hsu	6	The Dysfunctional "DB vs. DC" Pensions Debate: Why and How to Move Beyond It	36
Misadventures of an Irresponsible Investor Jack Gray	8	Keith Ambachtsheer	
<i>Responses to "Misadventures of an Irresponsible Investor" provided by Jane Ambachtsheer, Stephen Davis and Keith Johnson</i>		Doug Andrews	40
Managing Public Pension Reserve Funds: The Case of the Government Pension Investment Fund (GPIF) of Japan Nobusuke Tamaki	22	Why Sweden's Notional DC Pension System Does <i>Not</i> Need a Calculation Correction	48
		Ole Settergren	

Challenging the Status Quo

Accused of changing his mind, the great economist John Maynard Keynes retorted “When facts change, I change my mind. What do you do?” In that spirit, the articles in this issue of the Journal challenge conventional pension design and management thinking in important ways.

KEITH AMBACHTSHEER

3

Selling Hope

Why do most investors persist in hiring active managers when, on average, they deliver market performance minus fees? Apparently, hope springs eternal. Maybe investors should think twice about how much they want to pay for hope.

JASON HSU

6

Misadventures of an Irresponsible Investor

The ESG movement is nudging toward an unhealthy state of political correctness, one that brooks no criticism. This raises important questions about fiduciary investing, especially whether a pension fund has any social responsibility beyond generating the greatest risk-adjusted return for its beneficiaries. Jane Ambachtsheer, Stephen Davis, and Keith Johnson were invited to respond to Gray’s “irresponsible” views and their comments follow immediately after this article.

JACK GRAY

8

Managing Public Pension Reserve Funds: The Case of the Government Pension Investment Fund (GPIF) of Japan

Japan’s Government Pension Investment Fund and the Canada Pension Plan Investment Board have chosen very different paths to exercising their fiduciary responsibilities. Is one approach superior to the other? Or do the differing approaches simply reflect differing contexts? It’s up to readers to decide.

NOBUSUKE TAMAKI

22

Total Shareholder Return (TSR) and Management Performance: A Performance Metric Appropriately Used, or Mostly Abused?

The unconsidered use of total shareholder return (TSR) as the key metric on which to base executive compensation is problematical. Not all TSR is created equal. Other measures are required to effectively interpret the quality of TSR. These quality adjustments are essential for true pay-for-performance alignment.

ROLAND BURGMAN and MARK VAN CLIEAF

26

The Dysfunctional “DB vs. DC” Pensions Debate: Why and How to Move Beyond It

Traditional DB and DC pension plans have both become dysfunctional, as have attempts to “prove” that one is superior to the other. Far better that we should devote our energies to designing a new breed of pension plans, adapted to twenty-first-century realities.

KEITH AMBACHTSHEER

36

Why Sweden’s Notional DC Pension System Needs a Calculation Correction

This article reviews the reform of the Swedish state pension system, and identifies a problem with the concept of “turnover duration” in calculating the System’s asset value. The author proposes the concept of a Future Commitment Asset to solve the problem.

DOUG ANDREWS

40

Why Sweden’s Notional DC Pension System Does *Not* Need a Calculation Correction

In rebuttal, the author argues Andrews has misunderstood the role that “turnover duration” plays in calculating the System’s asset value. The current method has been validated using a number of numerical examples, both inside and outside Sweden.

OLE SETTERGREN

48

About Rotman International Centre for Pension Management

The mission of the Rotman International Centre for Pension Management (Rotman ICPM) is to be an internationally-recognized, high-impact catalyst for fostering effective pension design and management. Its four primary tools to achieve this goal are the funding of objective and transformative research, the organization of interactive, action-oriented discussion forums, the publication of a readable journal relevant to professionals in the pensions and related fields, and the delivery of the globe's leading governance education program for Board members of pension and other long-horizon investment institutions.

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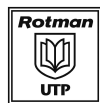
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